



U.S. Department of Justice

*United States Attorney
Eastern District of New York*

*271 Cadman Plaza East
Brooklyn, New York 11201*

August 1, 2019

By ECF

Honorable Kiyo A. Matsumoto
United States District Judge
Eastern District of New York
United States Courthouse
225 Cadman Plaza East
Brooklyn, New York 11201

Re: *United States of America v. Martin Shkreli*,
Criminal Docket Nos. CR-15-0637 (KAM) (E.D.N.Y.)

Dear Judge Matsumoto:

The government respectfully writes concerning funds that are currently on deposit in an interest bearing account with the Court Registry Investment System (the “CRIS”) in connection with the monetary penalties imposed against Martin Shkreli (the “Defendant”). By order dated October 10, 2018 (the “October 10 Order”), the Court provided that certain funds be transferred to and held in the CRIS until further order of the Court. See Docket Entry 684. Because the Second Circuit issued a decision on July 18, 2019, affirming the Defendant’s sentence and conviction, the government respectfully requests that the Court issue an order directing the Clerk of the Court to transfer the funds currently on deposit in the CRIS to the Registry of the Court for distribution and application to the fine and restitution judgments. See United States v. Shkreli, No. 18-CR-819, 2019 WL 3228933 (Summary Order)(2d Cir. July 18, 2019). The government encloses a proposed order for Your Honor’s review and signature.

By way of background, on March 9, 2018, the Defendant was sentenced in connection with his conviction for securities fraud and conspiracy to commit securities fraud. Among other things, the Court imposed a fine in the amount of \$75,000 and a special assessment of \$300. On April 9, 2018, the Court issued a restitution order, pursuant to the Mandatory Victims Restitution Act (the “MVRA”), 18 U.S.C. § 3663A et seq., finding that victim Richard Kocher was owed restitution in the amount of \$388,336.49.¹ The Defendant

¹ Both the fine and restitution judgments are subject to the accrual of interest, pursuant to 18 U.S.C. §3612(f) and the judgment.

filed a notice of appeal and an amended notice of appeal on March 26, 2018, and April 13, 2018, respectively. See Docket Entries 568, 581 and 616.

On July 10, 2018, upon application of the government, the Court issued an order directing E*TRADE Securities LLC to withdraw \$464,894.13 from a brokerage account belonging to the Defendant and to issue a check in that amount to the Clerk of Court, for application to the restitution and fine imposed against the Defendant (the “Turnover Order”). See Docket Entry 636. E*TRADE Securities LLC complied with the Turnover Order and the funds were received by the Clerk of the Court on September 26, 2018 (the “E-TRADE funds”).

Subsequently, upon application of the government, and in consideration of the pending appeal, the Court issued the October 10 Order directing the Clerk of the Court to transfer the funds on deposit with it to an interest-bearing account with the CRIS. Accordingly, the Clerk of the Court transferred \$465,083.29 to the CRIS.² As of July 31, 2019, the amount on deposit in the CRIS was \$473,327.26.³ In addition, the Defendant paid an additional \$761.86 via the Inmate Financial Responsibility Program after the transfer of the funds into the CRIS. These funds are on deposit with the Registry of the Court.

Based on the foregoing, the government respectfully requests that the Court execute the enclosed proposed order, directing the Clerk of the Court to transfer all funds on deposit in the CRIS into the Registry of the Court to be disbursed and applied, in the following order, to: (1) the principal and interest owed on the Defendant's restitution liability; (2) the principal and interest owed on the Defendant's fine; and (3) a refund of any resulting overpayment to the Defendant. See 18 U.S.C. § 3612 (c) and (i).

We thank the Court for its consideration of this application.

Respectfully submitted,

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United States Attorney

By: /s/
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² Prior to the transfer of the E-Trade Funds, the Defendant had paid \$771.34 towards his criminal monetary penalties. The first \$300 of these payments was applied to the assessment imposed against the Defendant, as required by 18 U.S.C. § 3612(c), and \$282.18 was distributed by the Clerk of the Court to the victim identified in the judgment.

³ The balance owed on the fine and restitution is \$471,574.59, including interest. Interest has not accrued on the balance since September 26, 2018, the date of receipt of the E-TRADE funds.

cc: Martin Shkreli (via First Class Mail)
Defendant

Counsel of Record (via ECF)

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